



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. 5774-N-01]

**Promise Zones Initiative: Proposed Second Round Selection Process
Solicitation of Comment**

AGENCY: Office of Community Planning and Development, HUD.

ACTION: Notice.

SUMMARY: Through this notice, HUD solicits comment, for a period of 60-days, on the proposed selection process, criteria and submissions for the second round of the Promise Zone initiative.

DATES: Comments Due Date: **[Insert date that is 60 days after the date of publication in the Federal Register].**

ADDRESSES: Interested persons are invited to submit comments regarding this proposal. Questions or comments should be directed by email to PromiseZones@hud.gov with “Second Round Promise Zone selections” in the subject line. Questions or comments may also be directed by postal mail to the Office of the Deputy Assistant Secretary for Economic Development, U.S. Department of Housing and Urban Development, 451 Seventh Street, SW, Room 7136, Washington, DC 20410 ATTN: 2nd Round Promise Zone selections.

FOR FURTHER INFORMATION CONTACT: Brooke Bohnet, U.S. Department of Housing and Urban Development, 451 7th Street, SW, Washington, DC, 20410; telephone number 202-402-6693. This is not a toll-free number. Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Relay Service at (800) 877-8339.

SUPPLEMENTARY INFORMATION:

Background – Round 1 Promise Zones

In his 2013 State of the Union address, President Obama announced the establishment of the Promise Zones initiative to partner with high-poverty communities across the country to create jobs, increase economic security, expand educational opportunities, increase access to quality, affordable housing, and improve public safety.¹ On January 8, 2014, the President announced the first five Promise Zones, which are located in: San Antonio, TX; Philadelphia, PA; Los Angeles, CA; Southeastern Kentucky, KY; and the Choctaw Nation of Oklahoma, OK. Each of these communities (three urban, one rural and one tribal) submitted a plan on how they will partner with local business and community leaders to make investments that reward hard work and expand opportunity. In exchange, the Federal government is helping these Promise Zone designees secure the resources and flexibility they need to achieve their goals.²

The first five Promise Zones were selected through a competitive process following an invitation to eligible communities to apply for a designation, which was issued on October 30, 2013 with an application deadline of November 26, 2013.³ The urban designations were conferred by HUD while the rural and tribal designations were conferred by USDA. The pool of eligible applicants was limited to communities with demonstrated capacity in one or more areas of Promise Zones' work that would prepare them to broaden their efforts to additional revitalization priorities. Specifically, urban eligibility was limited to communities encompassing a Choice Neighborhoods or Promise Neighborhoods implementation grant, or a Byrne Criminal Justice Innovation grant, while rural and tribal eligibility was limited to communities

¹ See <http://www.whitehouse.gov/the-press-office/2013/02/15/fact-sheet-president-s-plan-ensure-hard-work-leads-decent-living>.

² See <http://www.whitehouse.gov/the-press-office/2014/01/08/fact-sheet-president-obama-s-promise-zones-initiative>.

³ See www.hud.gov/promisezones.

encompassing a Stronger Economies Together, Sustainable Communities, Promise Neighborhoods Implementation, or Rural Jobs Accelerator grant.

Promise Zones Benefits

The Promise Zones designation enables the Federal government to partner with local leaders who are addressing multiple community revitalization challenges in a collaborative way and have demonstrated a commitment to results. Specifically, Federal staff will be stationed in each designated community to help navigate the array of Federal assistance which Promise Zones can access, subject to the availability of appropriations and Federal agency rules and statutes. This level of engagement will help communities make the most of funding that is already available to them. In addition, organizations contributing to Promise Zone strategies will receive preference for certain competitive Federal programs, as permissible under the rules and statutes of the individual programs and agencies, and subject to appropriations. Organizations contributing to Promise Zone strategies will also receive technical assistance and other non-competitive support, again subject to available funding and as permissible under individual program and Federal agency rules and statutes. Businesses investing in Promise Zones or hiring residents of Promise Zones will also be eligible to receive tax incentives for these activities, if the tax incentives are enacted by Congress. Altogether, this package of assistance will help local leaders accelerate efforts to revitalize their communities.

The Promise Zone designation will be for a term of 10 years, and will be extended as necessary to capture the full term of availability of the Promise Zone tax incentives, if the tax incentives are enacted. During this term, the specific benefits made available to Promise Zones may vary from year to year, and sometimes more often than annually, due to changes in Federal agency policies, and changes in appropriations and authorizations for relevant programs.

Second Round Promise Zones Selection Process

A second round of Promise Zone designations is now being planned to open for solicitation in 2014 with announcements expected in early 2015. A total of 20 Promise Zone designations will be made by the end of 2016, including the five designations announced in January, 2014. We anticipate making at least five and as many as 15 total designations in the second round in the urban, rural and tribal categories, depending on resources available.

Due to the nature of the initiative, Promise Zone activities are likely to be carried out by a variety of organizations and organization types. Eligible lead applicants for Urban Promise Zone designations are: Units of General Local Government⁴ (UGLG or local government) including an office or department within local government; or non-profit organizations, housing authorities or school districts applying in partnership with local government. Eligible lead applicants for Rural and Tribal Promise Zone designations are: Local or tribal governments (which includes county, city, town, township, parish, village, governmental authority or other general-purpose political subdivision of a state or tribe or any combination thereof); offices/departments within local government; non-profit organizations applying in partnership with local government; housing authorities applying in partnership with local government; or school districts applying in partnership with local government.

The selection process under consideration is that any community meeting the qualifying criteria set forth in the *Second Round Application Guide* would be eligible to apply for Promise Zone designation. All of the following must be present in an application for a proposed Urban Promise Zone to be eligible for a designation: (1) The Promise Zone must encompass one or

⁴ Unit of general local government as defined in section 102(a)(1) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(1)). [See definition \(a\) \(1\) Unit of General Local Government.](#)

more census tract(s) or portions of census tracts across a contiguous geography; (2) The rate of overall poverty or Extremely Low Income rate (whichever is greater) of residents within the Promise Zone must be over 33 percent; (3) Promise Zone boundaries must encompass a population of at least 10,000 but no more than 200,000 residents; and (4) Local leadership, including the mayors of jurisdictions represented in the Promise Zone, must demonstrate commitment to the Promise Zone effort. No substantive or technical corrections will be accepted or reviewed after the application deadline. The draft *Second Round Application Guide* can be found at www.hud.gov/promisezones.

Under the second round process under consideration, only one Promise Zone application may be submitted within a UGLG per application cycle. If more than one application is submitted for a Promise Zone meeting the qualifying criteria, the one submitted with local government support will be accepted. If more than one application is submitted with local government support, all of the applications from that UGLG will be disqualified for the current application cycle. If a Promise Zone designated in Round 1 is located within a UGLG in which a new application is being made, the applicant is directed to include an explanation of how, if a second Promise Zone designation is made, the UGLG plans to work with all of the Promise Zone designees at the same time and sustain the level of effort, resources and support committed to each Promise Zone under its respective Promise Zone plan for the full term of each Promise Zone designation. This explanation should be evidenced by commitments from the UGLG in materials submitted by the mayor or local official in support of the application.

Solicitation of Comment

Prior to commencement of the second round of designations, HUD seeks to take advantage of experience with the first round applicants to develop aspects of the Promise Zones

initiative, so that the initiative can support other communities more effectively in future years. In this regard, HUD welcomes feedback from first round applicants, and comment from other interested parties and the public generally, on the first round of the Promise Zones initiative, and on the proposed selection process for the second round of the Promise Zone initiative. HUD specifically seeks comment on the draft *Second Round Application Guide*, which can be found at www.hud.gov/promisezones. After fully considering comments, a final draft *Second Round Application Guide* may be posted at least 30 days before final application materials are posted.

Dated: April 10, 2014.

Valerie Piper, Deputy Assistant Secretary
for Economic Development.